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INTELLIGENCE REPORT

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SUBJECT Economic Information: Automotive Transportation
Conditions, North China

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SUPPLEMENT

1. Because of the prevailing political conditions completely dominating the economic life of Northeast China - Manchuria, Jehol, Chahar, Inner Mongolia, Hopei, Shansi, and Shantung - it is impossible to make an accurate survey of existing transportation facilities. For the same reason a satisfactory approximation cannot be made of the potential volume of automotive transportation that will be required to fill the needs of these important sources of export goods and raw materials and the need of a rapid passenger transportation system.

2. Existing Road Facilities

a. The frequent assertions of Chinese statesmen that communication facilities in China were completely destroyed during the war must be considered as completely untrue, at least in regard to the north and northeast sections of the country. To the contrary, during the Japanese regime existing lines of communication were not only greatly improved, but enriched by thousands of kilometers of new railway lines and reasonably good highways. It is true, naturally, that after the capitulation, when the Chinese took over and a new civil war began, many railway lines were severely damaged (on some lines, for example, in the Tientsin-Tsinan section, the railway line has in some parts completely disappeared, even the embankments having been dug down and ploughed over) and on many highways road blocks were established and bridges destroyed. However the fact remains that in the north there now exists a very extensive net of highways, which after re-surfacing and repair of bridges, will become immediately available to motorized traffic. Although many of these roads were built mainly from strategic considerations, their potential value as arteries of trade cannot be underestimated.

b. In North Manchuria, the new important railway lines (and their branches) such as the Harbin /Heerpin/ (126-39, 45-47)-Hailun /Tungkenho/ (126-58, 47-29)-Aihun (127-28, 49-59) line, the Suipingkai (124-22, 43-11)-Taonan (122-47, 45-21) Tsitsihar (123-57, 47-22)-Shinchuan (125-20, 50-44) line, the Hunchuan (130-22, 42-52)-Hailin (129-23, 44-34)-Chiamusu (130-21, 46-49) system and others, have been linked by an extensive net of feeder highways. Particularly dense is the network in the area between Tsitsihar and Hailun, along the valley of the Mutanchiang River, along the upper part of the Sungari River, and in the areas of Changchun (125-20, 43-53), Liaoyang (123-16, 41-16), Taonan (122-47, 45-21) and Solun (121-24, 46-41).

c. In Chahar, the main centers of connecting highways are Wuchumutsin /Chiutung-wuchumuchinpeilofu/ (118-54, 45-40), Siwuchumutsein /Siwuchumuchinwangfu/ (117-55 44-32), Shilingil /Hailinkuolomeng/ (119, 46), Tolun (116-17, 42-10) and Kalgen /Wanchuan/ (114-55, 40-50). In Jehol, such centers are Kailu (121-11, 43-35).

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Chingpeng (117-25, 43-21), Chinfeng (113-53, 42-18), Yehpaishou (119-37, 42-23), and Chengte (117-52, 40-59). In Suiyuan the centers are Kueisui (111-37, 40-47), Taolin (112-43, 41-16), Shalamulun (111-13, 42-25), Taotou (110-03, 40-36), and Pailingmiao (110-27, 41-50). In the provinces of Shansi and Hopeh, practically all more or less important centers have been linked by motor highways.

d. In Sinkiang Province excellent highways were built by the Soviets during their occupation, linking Urumchi /Tihua/ (87-36, 43-48) with various important centers of the province as well as with the borders of Soviet Russia. Such are for instance the highways Urumchi-Chuguchak /Tacheng/ (82-57, 46-45) and beyond; Urumchi-Turfan /Tulufan/ (89-04, 42-57)-Hami (93-27, 42-48) and Turfan-Akusu (79-56, 41-06) Kashgar /Koshikhknerh/ (75-59, 39-27) and beyond. Sinkiang is also linked to Central China by the highway Hami (93-27, 42-48). Suchou (86-05, 44-34)-Lanchou (103-41, 36-03), and with North China by roads leading through Kihnsia from Hami to Pailinmiao (110-27, 41-50).

e. In the former Japanese-occupied territories some roads were built of concrete (such as the Peiping-Suiyuan and the Peiping-Kalgan roads). These are broad, well-laid out two-lane highways some 24 feet wide.

f. Other roads are metalled-macadamized, while still others, especially those leading through mountain passes, are built on a foundation of crushed, rolled rocks.

g. Generally speaking, however, it is said that the Japanese built their roads and bridges to accommodate mainly medium heavy traffic (up to three ton trucks), while the Soviets in their zone are said to have built theirs to take care of the heaviest motorized traffic.

3. Roads and Automotive Needs of North China

a. As far as one can judge today, the roads of the provinces of Hopei, Jehol, Chahar, Suiyuan, and Shansi would gravitate to Tientsin and Peiping.

b. If the roads bridging the semi-developed gap between Pailinmiao and Hami through Kihnsia are properly improved, it is quite possible that Kansu and Western Sinkiang may also gradually turn to North China for their supply of automotive needs.

4. Potentialities of the North China Automotive Market

a. In view of the fact that the groundwork for an enormous development of motor transportation has been established in the way of an extensive net of surveyed and constructed highways, the potentialities of the North China automotive market must be considered as extremely promising after the return to normal conditions and the repair of highways.

b. An additional factor is the information from various sources that the whole of this territory has been almost entirely denuded of motor vehicles, and the few remaining are in a most dilapidated condition. In the areas occupied by the Central Government a few vehicles may be seen, but their use is restricted to military and official purposes. In Communist-held areas there appears to be no motor traffic at all.

c. Upon the resumption of civilian motor traffic and trade, the territories under Nanking control will naturally become an open market for American and European production. Areas under Communist control, if any, will have to supply their requirements from these same sources, since all statements, official and unofficial, from the Soviet side indicate that Soviet Russia will be too busy supplying its own automotive needs for the next ten years to supply any outlying markets in China.

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5. Competition. Diesel Motors

a. From the experience gained by North China firms who began the importation of German Diesel trucks during the first years of the China Incident, it appears that it will take considerable time before Diesel vehicles can seriously compete with gasoline engines in this territory. Although Diesel engines by now have been greatly perfected and are as easy to operate as gasoline motors, their maintenance requires more specialized and accurate servicing, which is beyond the present knowledge of an average Chinese driver or mechanic; therefore the Diesels which were operated here during the last years have not been too popular with their owners and drivers.

b. The economy of Diesel fuel should not come into immediate consideration, since the much publicized establishment of a Chinese National Industry, in the opinion of engineers who have visited the oil fields of Kansu, is a thing of the distant future. A foreign engineer stated to source that although the oil fields are rich and extensive and have an excellent pressure, the transportation of the crude oil to the coast will prove very difficult. While there, he had heard that the Chinese Government intended to dismantle the Burma pipe-line for that purpose. In his opinion, however, this was a rather fantastic scheme, as the Burma pipe-line, according to his knowledge, was built with four-inch pipes, adapted to the pumping of gasoline in a tropical climate. To pump crude oil under the severe climatic conditions of Kansu and further to the coast would probably be impossible.

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